



Department of Justice

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AT
(202) 616-2771
TDD (202) 514-1888

JUSTICE DEPARTMENT ALLOWS TELEVISION STATIONS TO EXCHANGE INFORMATION RELATING TO PRICES PAID FOR RATINGS SERVICES

WASHINGTON, D.C.-- Some of the nation's television stations will be able to compare the price they pay for rating services with average prices charged by the sole provider of such services, under a proposal approved today by the Justice Department's Antitrust Division.

The Division gave its approval for the stations to exchange information through their trade association on the prices charged by the A.C. Nielsen Company, the only current supplier of the numbers which tell a station and its advertisers how many people are watching.

The Department concluded on the basis of the available evidence that the proposed information sharing in a manner that did not reveal the prices paid by individual stations would not hamper competition among the station, and might be beneficial.

The proposed information exchange would be implemented by the Association of Independent Television Stations Inc., a trade association composed of television stations not affiliated with the ABC, CBS, or NBC networks, whose membership consists of some 460 of the nation's more than 1,100 commercial television stations.

Television stations derive most of their revenues from advertising, the price of which is based on estimates of the size and demographic composition of the audience at the time the advertising material is broadcast. The audience information is obtained by a ratings firm that polls representative audience samples and sells that information to broadcasters and advertisers.

Since the end of 1993, A.C. Nielsen Company has been the sole firm selling television ratings services to broadcasters and advertisers.

INTV's members desire to know whether the A.C. Nielsen Company has significantly increased its prices for ratings services or engaged in price discrimination between television stations since becoming the sole provider of television ratings services. To obtain information relevant to those issues, INTV proposes to collect from its members information related to the price they pay A.C. Nielsen Company for various ratings services. The information will be collected, maintained and disseminated in a manner that will preserve the confidentiality of prices paid by individual member stations. The information published will be aggregated by station market size and format, among other characteristics, and will only disclose mean and median prices paid for ratings services. There will be no concerted use by INTV members of the information gathered and disseminated. Each member will continue to deal unilaterally with A.C. Nielsen Company.

The Department's position was stated in a business review letter to INTV from Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division. Bingaman stated that "to the extent that the information is exchanged and published in accord with the statements and commitments in the materials submitted to the Department, . . . [it] is not likely to result in concerted decisions by INTV members with respect to prices paid for ratings services. The prices paid to A.C. Nielsen by individual member stations will be masked by the controls imposed on the gathering and maintenance of the information and the fact that only aggregated information will be disclosed. The members of INTV will continue to deal with A.C. Nielsen on an individual basis."

To the extent that the information exchange increases the amount of market information available to INTV members or induces new entry in the television ratings business, it could have the procompetitive effects of promoting efficiency and/or increasing output.

Under the Department's business review procedure, a person or organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the Division will challenge the action as a violation of the antitrust laws. A file containing the business review request and the Department's response will be made available in the Legal Procedure Unit of the Antitrust Division, Room 3235, Department of Justice, Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review request will be added to the file.

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